

## **STATEMENT OF PURPOSE**

### **RS18439C1**

This legislation will stimulate economic growth by creating Renewable Energy Enterprise Zones (REEZ). A REEZ is a limited geographic region in which specific renewable energy resources are promoted for development. Targeted resources represent the best opportunities for willing-buyer/willing-seller scenarios and developmental scalability. This legislation identifies appropriate incentives and tax benefits designed to stimulate development of resources and distribution systems necessary to bring the energy to market. A REEZ will only be created in areas where local officials and private investors are willing to offer financial, technical, and physical infrastructure support.

A REEZ will provide for the development of sustainable Idaho-based energy resources. This legislation limits the risk of failure by targeting specific technologies within targeted regions of the state. This approach minimizes fiscal impacts on the state revenue streams that incentives and tax breaks might have if deployed on statewide basis for all renewable technologies.

During the first three years, the legislation limits REEZ to three areas in Idaho. One will be located in the Magic Valley and focus on dairy waste conversion to energy. Another will be located in Northern Idaho bounded by judicial districts one and two and another in Eastern Idaho within judicial districts six and seven. They will promote production of energy through renewable resources that may include biomass, wind, solar, geothermal, or low-impact hydro.

The legislation provides various incentives for energy produced in a REEZ pursuant to this act.

### **FISCAL NOTE**

The incentives within this legislation are designed to minimize negative impact on existing general fund revenue streams. First, the number of incented projects is limited to REEZ and must be authorized by the IPUC. Second, during the first two to three years while projects are constructed, the legislation is designed to have a neutral or even positive impact on state tax revenue. After construction, modest production incentives will be balanced by revenue from project sales.

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